



**Adopted 2003/2004 Budget
and
Ten-Year Resource Allocation Plan**

**City Manager's
Adopted Budget Message**

CITY MANAGER'S ADOPTED BUDGET MESSAGE

I am pleased to present the FY 2003/2004 Budget and accompanying Ten-Year Resource Allocation Plan, as adopted on June 17, 2003 by the Sunnyvale City Council. The specifics of the budget as recommended to Council are discussed in detail beginning on the next page. This addendum addresses the adoption of budget reductions and amendments to the Recommended Budget. Due to the financial crisis the City currently faces, a 6-Point Action Plan was developed to undertake a comprehensive review of the budget. The 6-Point Action Plan included a review of:

- Current Projects Plan,
- Rental Rate Schedules and Formulas,
- Job Recruitment and Vacancies,
- In-Lieu Fees and Inter-Fund Transfers,
- Tax and Fee Increases and
- Reductions to Services, Levels of Service and Staffing.

When the reviews were completed on each point, a report was presented to the City Council and preliminary policy direction was given. Numerous community meetings were also held to obtain comment and feedback. The recommendations developed out of the preliminary policy direction were prepared in a separate volume of the FY 2003/2004 Recommended Budget.

As part of the adoption of the budget, the City Council approved the proposed budget reductions and tax and fee increases with one substitution. A proposed new sidewalk repair fee was removed. Equivalent savings were achieved through the reduction of staff hours, a reduction in the annual concrete replacement contract budget, and an increase in a proposed new rental revenue of City property.

In addition to the substitution, the City Council approved one year funding for the special extension of benefits and supplemental salary to employee reservists called to Active Duty. This extension increased the length of the benefit from six months to one year. The additional one-time costs will be funded from savings associated with the cancellation of management bonuses for FY 2002/2003.

The adopted budget incorporates the final policy direction provided by the City Council in the operating budget, project budget and long-range financial plans. Attached to this budget message is the Service Reduction Implementation Plan, which details the implementation steps for the 6-Point Action Plan.

The FY 2003/2004 Adopted Budget is a culmination of a difficult process to confront a challenging fiscal reality. Unfortunately, several key factors that created the City's budget crisis remain present. Staff continues to closely monitor our local economic conditions, revenue patterns and expenditure trends, and State legislative actions.

However, Sunnyvale's planning and financial management systems are providing the foundation on which we are building the solutions to the City's budget crisis, and will continue to guide us in crafting solutions that provide the community the highest level of service possible in these tough financial times.

Respectfully,

/s/ROBERT S. LASALA
Robert S. LaSala
City Manager

August 26, 2003